# GOVERNMENT OF INDIA
# TEXTILES
# LOK SABHA

UNSTARRED QUESTION NO:319
ANSWERED ON:14.08.2007
ASSISTANCE TO TEXTILE SECTOR
Appadurai Shri M.

**Will the Minister of TEXTILES be pleased to state:**

(a) whether the Government has studied the major problems being faced by the textile industry of late;

(b) if so, the details thereof;

(c) whether the Government has extended any assistance to the textile industry during each of the last three years;

(d) if so, the details thereof; and

(e) if not, the reasons therefor?

## Answer

MINISTER OF THE STATE IN THE MINISTRY OF TEXTILES (SHRI E.V.K.S. ELANGOVAN)

(a)& (b): As per the report of the Working Group on Textiles & Jute Industry for the 11th Five Year Plan (2007-2012) the major problems being faced by the textiles industry include:

i) Structural weaknesses in weaving and processing;
ii) Highly fragmented and technology backward textiles processing sector;
iii) Highly fragmented garment industry;
iv) Except spinning all other segments are predominantly in the decentralized sector;
v) The rigid labour laws;
vi) Inadequate capacity of the domestic textiles machinery manufacturing sector;
vii) Big demand and supply gap in the training facilities in textiles sector;
viii) Infrastructural bottlenecks in terms of power, utility, road transport etc.

(c)& (d): Important measures taken by the Government in the recent past to help the textiles sector are given in the Annexure.

(e): Does not arise.

Annexure

Annexure referred to in reply to Part (c) & (d) of the Lok Sabha Unstarred Question No.319 for 14.8.2007

(i) To improve the productivity and quality of cotton for manufacture and export of competitive downstream textiles products, the Government launched the Technology Mission on Cotton (TMC). The Mission has achieved success in increasing the productivity and reducing contamination through the upgradation of cotton market yards and the modernisation of Ginning & Pressing factories.

(ii) The Technology Upgradation Fund Scheme (TUFS) was launched to facilitate the modernisation and upgradation of the textiles industry, in both the organised and unorganized sector. The Scheme has been further fine tuned to increase investment in the targeted sub-sectors of the textiles industry. The cost of machinery has been further brought down by reducing the customs duty on imports.

(iii) For the speedy modernisation of the textiles processing sector, Government introduced, w.e.f. 20.04.05, a credit linked capital subsidy scheme @10% under TUFS, in addition to the existing 5% interest reimbursement.

(iv) To provide the textiles industry with world-class infrastructure facilities to set up their units which meet international environmental and social standards, a Public-Private Partnership (PPP) based Scheme known as the "Scheme for Integrated Textile Park (SITP)" was introduced in August 2005.

(v) In the 2004-05 Budget, the entire textiles sector, except for man-made fibre and filament yarn, was provided an optional exemption from excise duty. In the 2005-06 Budget, Central Value-Added Tax (CENVAT) on Polyester Filament Yarn was reduced from 24% to 16%. These modifications in fiscal levies were aimed at attracting more investment for the modernization of the textiles sector.

(vi) To facilitate the import of state of the art machinery to make Indian products internationally competitive in the post quota regime,

the customs duty on textiles machinery was brought down to 10% in the 2005-06 Budget. This however did not include 23 items appearing in List 49, which attract a Basic Customs Duty (BCD) of 15%. The concessional duty of 5% continues on most of the machinery items.

(vii) In the 2005-06 Budget, 30 items of knitting and knitwear were de-reserved. This was envisaged to facilitate the setting up of large sized modernized units to meet international competition.

(viii) In the Budget of 2006-07, the following important announcements for the textiles sector were made:-
# Reduction in excise duty on all man-made fibre yarn and filament yarn from 16 per cent to 8 per cent.
# Reduction in import duty on all man-made fibres and yarns from 15 per cent to 10 per cent.
# Reduction in import duty on raw materials such as DMT, PTA and MEG from 15 per cent to 10 per cent.
# Provision of Rs.189 crores during 2006-07 for the Scheme for Integrated Textiles Parks (SITP)

(ix) Government launched the Debt Restructuring Scheme w.e.f. Sept., 2003 with the principal objective to permit banks to lend to the textiles sector at an 8-9% rate of interest.

(x) In order to cater to the growing skilled manpower requirements at shop floor level, Government provides assistance to strengthen existing and open new Apparel Training and Design Centres (ATDCs).

(xi) Government has allowed 100% Foreign Direct Investment in the textiles sector under the automatic route.

(xii) Government has de-reserved the readymade garments, hosiery and knitwear from SSI sector so that large scale investment is encouraged in these sectors.

(xiii) The National Institute of Fashion Technology (NIFT) was set up to provide a leadership role in sensitizing the Industry to the concept of value addition by inducting trained professionals to manage the industry. This has resulted in an increased demand for trained professionals in various sectors servicing the industry.

(xiv) To take a serious look at Fashion Education in the changing business context of World Economies, the Government is taking steps to:-
@ Establish an institution of National Excellence to impart Fashion Business Education with International Benchmarking.
@ Appoint a nodal agency to standardize and benchmark Fashion Business Education in the country.
@ Set up an Apex Body to train teachers / trainers imparting Fashion Business Education in the country.